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CURRENT SUPPORT BRIEF

THE URBAN COMMUNE IN COMMUNIST CHINA: WHAT IS IT?

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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The movement to communalize urban areas, which was initiated in the fall of 1958 but deferred indefinitely in December of that year, was revived again on 30 March 1960 when Vice Premier Li Fu-chun, chairman of the State Planning Commission, told the National People's Congress that "all cities are setting up people's communes in a big way." 1/

Although this statement may herald a radical reorganization of cities, initial reports of the 1960 version of the Chinese Communist urban commune indicate that the regime is moving cautiously. The urban commune system, for the time being, apparently is not rushing to take over municipal utilities, state-owned factories, banks, and wholesale commercial organizations, which are fundamental economic institutions of a city. Primarily, what is being done currently is to put the commune label on the well-publicized movement--which has been in full swing during the first quarter of 1960--to organize neighborhood workshops and promote collective life through such institutions as messhalls and nurseries. In this form the significance of the urban commune is more social and political than economic; it is a less highly organized entity than the rural commune and has much less disruptive effect on the economy.

The first fairly comprehensive official statement to describe the current movement to establish urban communes appeared in the 11 April issue of the People's Daily, which stated that during the past year 20 million city residents have been communalized (out of a total urban population of about 100,000,000). The movement is farthest advanced in Honan, Hopei, and Heilungkiang provinces--all in north or northeast China. 2/ The paper attempted to reassure prospective commune members in other cities by promising them that after communalization they will "still retain all their personal possessions, including houses, furniture, clothes, bank deposits, and so forth." The organizational form of the urban commune, according to the statement, should presently favor the type made up of local street residents. Variations of this type include communes "formed around" factories, government organizations and schools (presumably, as in previously reported factory communes^{esp.} for the purpose of organizing the life of residents in these communities, not to operate the enterprises). No mention in 1960 has been made of the possibility of forming the more drastic all-city commune, and in fact none has been recently reported.

The urban commune may have more members than the rural commune which averages 25,000. Seventy percent of Harbin's population, for example, is said to be organized in communes, each with an average membership of 160,000. 3/ It is claimed that all of Mukden, a city of more than 2,000,000 people, has been communalized on the basis of one commune for each "big street" or neighborhood, with an average membership of 30,000. 4/

The urban commune has not yet moved to take over full ownership of neighborhood workshops, which have been operating as "socialist, collective" organizations, 5/ meaning that each unit divides profits among members on the basis on the labor performed by each member. Because the profit margin per capita of neighborhood workshops is extremely low, the commune may prefer to avoid financial responsibility for them and to content itself with merely exerting administrative and political control. The commune,

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however, probably has control of some municipal enterprises within its boundaries, especially retail stores. Profits of retail stores will almost certainly continue to go to the state and not to commune members.

As presently organized, the urban commune affects primarily the housewife, who is being taken out of the house to work either in neighborhood workshops (similar to cottage industry) or in the varied service and welfare organizations that have mushroomed in recent months to replace the domestic care of children, family cooking, and other household activities.

Chinese Communist propaganda has stressed two supposed economic benefits that all this recent activity to collectivize life in the cities is supposed to have: (1) women are released for productive labor, and (2) production is expanded through the organization of workshops and service establishments that employ the newly released labor.

This propaganda, however, is not to be considered seriously. The proportion of city women who work in Communist China probably could have been expanded greatly without resort to wholesale collectivization of household tasks. There are about 25 million adult women in Chinese cities. At the end of 1959, 8 million 6/ were employed by state-owned enterprises, and neighborhood industry employed another million. 7/ A small number may still be engaged in personal service and self-employed activities. Thus, probably only about 40 percent of women in Chinese cities are engaged in paid labor, compared to a proportion of 60 percent in the USSR. If the Russian housewife, with the help of nurseries, is able both to work and still take care of the house, the Chinese housewife should be able to do the same.

The other economic gain stressed in the propaganda is that neighborhood or commune industry provides socially useful employment for large numbers of housewives who would otherwise be unemployed. In making this claim, however, it is not pointed out that the activities of neighborhood industry--semiprocessing for state factories and production of sundry items for local use--are those formerly carried out by handicraft cooperatives and by individuals at home on a piecework basis. What has been done is to change the system under which these activities were carried out; there is no evidence that the former system was inadequate, economically at least. It is conceivable, however, that the new urban communes will make it easier over the long run to expand production of goods and services that must be available in ever-increasing amounts to support the growing industry of the cities.

From the point of view of the state and the managers of large and small enterprises, the new labor is cheap. Because housewives' earnings are only a subsidiary support for the family, women will work for as little as 40 fen per day, 8/ the equivalent of US 16¢, or one-fifth the going wage rate for the average worker in state enterprises.

Although the immediate impact of the urban commune is small, the regime intends to increase the importance of its role when conditions permit. It has reaffirmed the long-range goals set forth by the Central Committee of the Chinese Communist Party, in a communique dated 10 December 1958, when it said, "In the future urban people's communes....will....become instruments for the transformation of old cities and the construction of new socialist

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cities; they will become the unified organizers of production, exchange, and distribution and of the livelihood and well-being of the people; they will become social organizations which combine industry, agriculture, trade, education, and military affairs, organizations in which government administration and commune management are integrated." 9/

The economic advantages of totally communalized cities over the present social order are not immediately apparent. Justification for the urban commune has not been a subject which has been given much attention by the Chinese Communists, who may feel that the rewards of collectivization are self-evident. Nevertheless, further reorganizations of city communes are clearly in the cards, if only to prove the regime's claim that the revolution is indeed continuing without interruption.

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Analyst:

25X1A

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Sources:

1.

2. Ibid., 13 Apr 60, p. BBB 11-13. OFF USE.

3. Ibid., 6 Apr 60, p. BBB 2-3. OFF USE.

4. Ibid.

5. Ibid., 3 Mar 60, p. BBB 2. OFF USE.

6. Ibid., p. BBB 1. OFF USE.

7. Ibid., p. BBB 2. OFF USE.

8. State, Hong Kong. Survey of China Mainland Press, no. 1965,
4 Nov 59, p. 6. U.

9. Peking Review, 23 Dec 58, p. 10-11. U.

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18 April 1960

CIA/RR CB 60-23

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28 July 1960

MEMORANDUM FOR: Chief, ROM/Liaison

SUBJECT : Request for Permission to Pass ORR
Current Support Brief to Foreign Liaison
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and Reports has no objection to the release of CIA/RR CB 60-23,
The Urban Commune in Communist China; What is It?, 18 April
1960, Confidential.

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Removal of cover page;

Deletion of "CIA/RR CB 60-23" from pages 2, 3, and 4;

Removal of page 5.

FOR THE ASSISTANT DIRECTOR, RESEARCH AND REPORTS:

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Acting Chief, Publications Staff

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12 July 1960

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60-23, The Urban Commune in Communist China: What Is It? to
[REDACTED]

The brief is classified "Confidential."

25X1C 2. Our reason for this request is to supply to the services
working with us support material that will keep them current on
events in China and that will apprise them of the kind of intelli-
gence information we need. All of these services (except the
[REDACTED], with whom we are presently working to develop a similar
liaison relationship) reciprocate with reports on China. We feel
that passing them the brief will improve our liaison exchange
program and further our joint intelligence efforts against Com-
munist China. The net gains resulting, we believe, will be to
the benefit of the United States Government.

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